

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
March 26, 2008**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:40 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Dave O’Toole for John Chiang, State Controller
Anne Sheehan for Michael C. Genest, Director, Department of Finance

Staff Present: Michael Paparian, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the February 27, 2008 meeting minutes. There were none.

Anne Sheehan moved approval of the minutes; upon a second, the motion was unanimously carried.

3. EXECUTIVE DIRECTOR’S REPORT (INFORMATION ITEM)

Mr. Paparian reported on the annual reports for four programs. The Bond Program report has a statutory deadline and is due to the Legislature by March 31. The Bond Program annual report and the CalCAP annual report are both completed. The CALReUSE and Sustainable Communities annual reports will be completed within the next couple of weeks.

Mr. Paparian reported that CPCFA issued just under \$320 million in bonds in 2007 and that CPCFA’s fund balance continues to decrease. Staff has been taking steps to address this issue and will continue to do so in the coming months.

Mr. Paparian stated that the CalCAP program continues to grow. CPCFA received \$76 million in loan enrollments – up from \$67 million in 2006. One of the steps staff is taking to address the fund balance situation is to create a stronger foundation for the CalCAP program. The program costs CPCFA over \$3 million a year and continues to grow. The Board took action a few months ago to constrain the growth of the program by adopting emergency regulations to reduce the maximum loan amount and by making other changes. Also, legislation by Senator Simitian (SB 1311), will allow the Authority to reduce its contribution to the loan loss reserve account to an amount equal to that contributed by the

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banks or borrowers of the program, as opposed to the current situation where the Authority contributes twice the amount the bank contributes. The bankers staff has spoken with are comfortable that the program is sustainable with a lower contribution from CPCFA. Mr. Paparian said that the bill made it out of its first policy committee on Tuesday, March 25th, the Senate GO Committee, and was on the consent calendar. Staff is hopeful that the bill will progress through the Legislature and receive the signature of the Governor.

Continuing with the CalCAP program, Mr. Paparian stated that staff phased out the Small Business Advising Pilot Program that had been running for the past three years. A review of the program was completed by a third party contractor. The review included a look at whether the program could be tailored to focus more on environmentally oriented businesses. The upshot of the review is that it is a worthy and successful program. However, there would be challenges in trying to focus it on one business segment. While the pilot program has been successful, it would be difficult to sustain, given the funding situation of CPCFA.

Mr. Paparian reported that staff continues to work on technology reviews for upcoming financings. Staff will present reviews on anaerobic digesters for dairy facility manure at the April CPCFA meeting. In future months, staff will present technology reviews on bag-house air pollution control technology, cellulosic ethanol, desalination, and possibly wastewater treatment.

Mr. Paparian then turned to the Bond Program, reporting that staff has completed the model bond documents. Staff received assistance from the Attorney General's Office and worked with stakeholders to make bond deals work more smoothly and the process easier for all concerned.

With the new allocation process for volume cap, the first CPCFA allocation meeting will be the May 28 Board meeting. The deadline for applications is March 28. Staff is already aware of over \$92 million in requests for that meeting.

Mr. Paparian stated that Agenda Item 4.B.1. will only include the request from the City of Emeryville. The Center for Creative Land Recycling (CCLR) asked that its request be pulled from the agenda as CCLR feels the need to reassess its role in the CALReUSE program. Mr. Paparian stated that he will discuss CCLR's concerns with CCLR staff. The Request for Proposals (RFP) currently provides that strategic partners receive 1.5 percent of the loan or grant amount up to a maximum of \$35,000. Other partners have indicated that this reimbursement formula is adequate, but CCLR has expressed concerns.

Mr. Paparian stated that the four Final Resolutions on the agenda are still within the old process with CDLAC and will, therefore, be going to CDLAC this afternoon, along with a previously induced item for Air Products, for allocation.

Ms. Redway asked if there were any questions or comments from the Board members or public. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE FINAL RESOLUTIONS AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND CORRESPONDING RESOLUTIONS AUTHORIZING SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE

Staff introduced Tony Cone, Westhoff, Cone & Holmstedt.

- 1) **Garaventa Enterprises, Inc. and/or its Affiliates** requested approval of Final Resolution No. 476 for an amount not to exceed \$17,150,000 and approval of a SBAF Resolution in an amount not to exceed \$250,000. Bond proceeds will finance the construction of a new building and related site preparation, and the acquisition of equipment. The company intends to add to its existing Material Recovery Facility (MRF), located in Pittsburg, to accommodate future single-stream recyclables processing. This project will require the construction of an 88,000 square-foot building that will house a sort-line and the customary attendant equipment. Additionally, the company intends to replace older collection vehicles with automated collection vehicles and carts that will be used throughout the company's service area. Presented by – Doreen Carle.

Ms. Redway asked if there were any further questions or comments from the public. There were none.

Ms. Sheehan moved approval of the item; upon a second, the motion was unanimously carried.

- 2) **Yulupa Investments, LLC and/or its Affiliates** requested approval of Final Resolution No. 479 for an amount not to exceed \$7,830,000 and approval of a SBAF Resolution in an amount not to exceed \$250,000. Bond proceeds will finance the purchase of land, buildings, and equipment. The company is 1) purchasing a transfer station, located in Ukiah, and a corporate yard in Lakeport from affiliates of the Ratto Group of Companies, Inc., and 2) improving both sites. The company is also purchasing a site in Lake County as expansion space for its existing corporate yard. Additionally, an affiliate of the company is purchasing equipment to be utilized at its Ukiah corporate yard site. The vehicles and trailers may be housed from time to time at any of the company's operating facilities. The property to be purchased from The Ratto Group of Companies, Inc. was previously financed with tax-exempt bonds issued in 2001. A proportionate share of Ratto's bonds will be redeemed from the proceeds of the purchase. Presented by – Doreen Carle.

Ms. Redway asked if there were any further questions or comments from the public. There were none.

Ms. Sheehan inquired regarding current bond rates in the market.

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Mr. Cone replied that this project is on a variable rate basis, so the rates vary from week to week, and that within the last six weeks the rates have been from one to three percent.

Mr. O’Toole inquired as to when the site in Lake County is going to be used.

Mr. Cone replied that both sites would be used soon, within this year.

Ms. Sheehan moved approval of the item; upon a second, the motion was unanimously carried.

- 3) **Solid Wastes of Willits, Inc. and/or its Affiliates** requested approval of Final Resolution No. 471 for an amount not to exceed \$4,195,000 to finance site improvements and equipment purchases and approval of a SBAF Resolution in an amount not to exceed \$197,120. Bond proceeds will be used to construct and equip a MRF, purchase diesel fueling equipment, and to fence and pave the property. In Gualala, the company intends to improve a transfer station. System-wide, the company intends to purchase a waste collection vehicle, retrofit existing waste collection vehicles, and purchase forklift and waste collection carts. Presented by – Michael Smith.

Ms. Redway asked if there were any further questions or comments from the Board members or the public. There were none.

Ms. Sheehan moved approval of the item; upon a second, the motion was unanimously carried.

- 4) **South Tahoe Refuse Company, and/or its Affiliates** requested approval of Final Resolution No. 481 for an amount not to exceed \$16,615,000 to finance construction, site improvements and equipment purchases and approval of a SBAF Resolution in an amount not to exceed \$250,000. The company collects and processes waste in the South Lake Tahoe, Placerville and Douglas County, Nevada areas primarily from its headquarters location in South Lake Tahoe, where it currently has a corporate yard and a MRF. The company anticipates the renovation of an existing MRF in addition to the construction of new buildings, staging areas, and the purchase of equipment. The company also plans to construct a vehicle maintenance and parking facility. Presented by – Michael Smith.

Ms. Redway asked if there were any further questions or comments from the Board members or the public. There were none.

Ms. Sheehan moved approval of the item; upon a second, the motion was unanimously carried.

**B. REQUEST TO APPROVE FINAL RESOLUTIONS AUTHORIZING
ADDITIONAL ALLOCATION FOR STRATEGIC PARTNERS OF THE
CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) SITE
ASSESSMENT PROGRAM**

1) Emeryville Redevelopment Agency \$275,000

Staff requested the Authority's approval to allocate additional funding in the amount of \$275,000 to the Emeryville Redevelopment Agency (ERA), which has been acting as a Strategic Partner under the Assessment Program since its inception, under an existing Strategic Partner contract of the CALReUSE Site Assessment Program. The additional allocation is necessary for the ERA to meet anticipated demand over the next year. The ERA currently has \$25,000 unencumbered. Approval of this request will increase its unencumbered amount to \$300,000. Presented by – Deana Carrillo.

Ms. Sheehan asked if the Board members will hear about CCLR at the next meeting to see if it wants to continue.

Mr. Paparian replied in the affirmative.

Ms. Sheehan moved approval of the item; upon a second, the motion was unanimously carried.

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:57 a.m.

Respectfully submitted,

Michael Paparian
Executive Director